

MINUTES
ALABAMA REAL ESTATE APPRAISERS BOARD
RSA UNION BUILDING
100 NORTH UNION STREET
SUITE 370
MONTGOMERY, ALABAMA
February 20, 2003

MEMBERS PRESENT:

Mr. Ronald Parker
Mr. Wilder Cheney
Mr. R.L. Farmer, Jr.
Mr. Otis Stewart, Jr.
Mr. Mandell Tillman

MEMBERS ABSENT:

Mr. Steve Martin
Mr. Gary Carter
Mr. Chester Mallory
Mrs. Jane Mardis

GUESTS PRESENT:

Mr. Frederick Crochen
Mr. John R. Wilson
Mrs. Bridget Bilbrey

OTHERS PRESENT:

Mr. J.W. Holland, Jr.
Mrs. Lisa Brooks
Ms. Neva Conway

- 1.0 With quorum present Mr. Ronald Parker, Chairman called the meeting to order at 1:40 p.m. The meeting was held at the RSA Union Building, 100 N. Union Street, 3rd. Floor Conference Room, Montgomery, Alabama.
- 1.1 The meeting was opened with prayer by Mr. Cheney and then the Pledge of Allegiance.
- 2.0 Members present were Mr. Wilder Cheney, Mr. Ronald Parker, Mr. Otis Stewart, Jr., Mr. Mandell Tillman, and Mr. R.L. Farmer, Jr. Member absent were Mr. Steve Martin, Mr. Gary Carter, Mr. Chester Mallory and Mrs. Jane Mardis. At this time the members welcomed Mr. Frederick Crochen.

At this time the Board welcomed Mr. John R. Wilson and his Trainee appraiser Bridget Bilbrey from Clarke County, Alabama. Mr. Wilson spoke to the Board regarding the Trainee/Supervisor Policy.

The Board reviewed a letter from Mr. Steven G. Burak, Ph.D with Sizemore & Sizemore, Inc. in Tallassee, Alabama. Mr. Burak requested a waiver from requiring the supervising appraiser to jointly inspect all subject properties with the trainee since Sizemore & Sizemore specializes in forest and timberland properties throughout the United States. On motion by Mr. Tillman and second by Mr. Cheney the Board voted to waive the 100 inspections for forestry appraisals for Trainee Sterling A. Brothers. Any appraisals performed by Mr. Brothers other than forestry appraisals will not be exempt from the requirement that the supervisor accompany him on the inspections. All in favor, with Mr. Stewart opposing. Motion carried.

- 3.0 On motion by Mr. Cheney and second by Mr. Farmer the regular minutes for January 31, 2003 were approved as written. All in favor, motion carried.

- 3.2 At 3:00 p.m. the Board went into Executive Session to discuss good name and character.

At 3:03 p.m. the Board returned to Regular Session. On motion by Mr. Parker and second by Mr. Farmer the Board voted to revoke the license of Mr. Troy Booth and he will not be allowed to apply for his license for a period of two years. All in favor, motion carried.

On motion by Mr. Parker and second by Mr. Farmer the Board voted to amend the prior motion to add if in fact Mr. Booth does apply this action will be considered even if it is beyond the two years. All in favor, motion carried.

Ms. Conway informed the Board that the Circuit Court of Baldwin County has not served the Board with the Denise Hall appeal and that a hearing has been scheduled for March 3, 2003. She will request that the hearing be continued.

- 4.0 Ms. Conway informed the Board that Sen. Larry Means will sponsor our agency bill in the Senate and has submitted it to Legislative Reference. Rep. Ron Grantland will again sponsor the bill in the House.

- 5.0 On motion by Mr. Tillman and second by Mr. Cheney the following applications were voted on as listed. All in favor, motion carried.

- 5.1 **Trainee Real Property Appraiser applications approved:** James Barton, II, Robin Bedwell, Raymond Browne, Jeffrey Carter, Michael Collett, Charles Dettling, James Higgins, Charles Holley, Larry Jefferson, Jennifer Kennedy, Scot Reaves, Jessica Wyrosdick.

- 5.2 **State Registered Real Property Appraiser applications deferred:** Jim Dennis.

- 5.3 **Licensed Real Property Appraiser applications:** NONE

- 5.4 **Certified Residential Real Property Appraiser applications:** NONE

- 5.5 **Certified General Real Property Appraiser applications approved:** Mark Boothe, Stephen Huber (Recip.)(GA). **Application deferred:** George M. Shanahan.

- 6.0 Mr. Holland gave the financial report informing the Board that we were 33% into the fiscal year and 36% into budget expenditures. Mr. Holland informed the Board there were no negative trends, which could not be reconciled at this time. On motion by Mr. Parker and second by Mr. Tillman the Board voted to accept the financial report as read. All in favor, motion carried.
- 6.1 On motion by Mr. Parker and second by Mr. Farmer the Board voted by Point of Order to change the order on the agenda. All in favor, motion carried. On motion by Mr. Tillman and second by Mr. Stewart the following education courses and instructor recommendations were approved or denied as indicated:

ALABAMA ASSOCIATION OF REAL ESTATE APPRAISERS

Initial Application:

(CE) Fair Housing/Fair Lending – 3.5 Hours – **Approved**
(Approved Instructor: E.S. Brooks, Jr.)

(CE) Risk Management – 3.5 Hours – **Approved**
(Approved Instructor: E.S. Brooks, Jr.)

APPRAISAL INSTITUTE – CHICAGO

Initial Application:

(LIC) On-line Course 330 – Apartment Appraisal: Concepts & Applications – 16 Hours – **Approved**
(Approved Instructor: Jefferson Sherman)

(LIC) Course 420 – Business Practice and Ethics – 8 Hours – **Approved (CE ONLY)**

SHELTON STATE COMMUNITY COLLEGE

Initial Application:

(CE) GPS & GIS: A Hands-on Workshop – 11 Hours – **Approved**
(Approved Instructors: Brian Holley & Karen Barker)

All in favor, motion carried.

- 6.2 The Board reviewed the following disciplinary reports, which were included in their books. **AB-00-12, AB-00-72, AB-00-87, AB-00-90 and AB-01-45:** On January 31, 2003, **Clarence C. Taylor, T00611**, a Trainee Real Property Appraiser, signed a Consent Settlement Order in connection with the appraisal of single-family residential properties. Terms of the settlement included a public reprimand, payment of a \$950 administrative fine, and proof of completion of a Board approved 15-hour USPAP course with exam and a Board approved 60-hour Fundamental Appraisal Course with exam. The discrepancies identified in the report are detailed as follows: (AB-00-12) Licensee failed to value the site by an appropriate method or technique. Licensee used the tax assessor's value as the site value in the Cost Approach. In the Sales Comparison Approach, Licensee failed to employ recognized appraisal methods and techniques by using

refinance transactions as comparables for the subject property instead of recent sales in the subject market, which resulted in communicating a misleading appraisal report. Licensee incorrectly performed the Cost Approach and the Sales Comparison Approach in the subject appraisal report by deriving the effective age and site value of the subject property only from the county tax assessor files. (AB-00-72) Licensee failed to value the site by an appropriate method or technique. Licensee used the county tax assessor value for the site value in the Cost Approach. Licensee failed to disclose and discuss potential external obsolescence in the Cost Approach and Sales Comparison Approach attributable to the characteristics of the subject property neighborhood, which included mobile homes, apartments, convenience and other retail and commercial uses. The use of two pending sales as comparable properties and incorrectly reporting sales price for the third sale resulted in a report that was misleading and not reliable. Licensee's method of using 100 years total economic life and always estimating effective age at 50 % of actual age are not recognized appraisal methods and techniques and affect the credibility of the value opinion in the Cost Approach and the Sales Comparison Approach. Licensee failed to disclose his lack of knowledge and/or experience in the geographical market area of the subject property and as a result, relied on data which was not reliable and which the licensee failed to verify through acceptable methods. (AB-00-87) Licensee failed to value the site by an appropriate method or technique. Licensee used the tax assessor's value as the site value in the cost approach.

(AB-00-90) Licensee failed to value the site by an appropriate method or technique. Licensee used the tax assessor's value as the site value in the cost approach. Licensee made comparable sale selections and used sales data from a selection of sales information provided by the mortgage broker/client without verifying the data from any other source. The sales data was false. As a result of Licensee's failure to exercise reasonable diligence, and his failure to recognize and disclose his lack of knowledge and/or experience in the geographical market area of the appraisal assignment, the subject property was significantly over-appraised and the appraisal was misleading and not credible. (AB-01-45) Licensee failed to value the site by an appropriate method or technique. Licensee used the tax assessor's value as the site value in the cost approach. Licensee failed to retain an exact copy of the appraisal report in his work file for the required (5) year period. Licensee failed to include a signed Appraiser Certification with the subject appraisal report. The following USPAP, (1999 and 2000 Ed.) Standards were violated: 1-1(a), 1-1(b), 1-3(a), 1-4(a), 1-4(b)(i), 1-4(b)(ii), 1-4(b)(iii), 2-1(a), Competency Rule, Ethics Rule-Record Keeping, 2-3. Also violated was § 34-27A-20(a)(7), §34-27A-20(a)(14), Code of Alabama, 1975.

AB-01-90: On January 31, 2003, a Certified General Real Property Appraiser, signed a Consent Settlement Order in connection with the appraisal of a single-family residential property. Terms of the settlement include a private reprimand, payment of a \$400 administrative fine, and proof of completion of a Board approved 15 hour USPAP course. The discrepancies identified in the report are detailed as follows: Licensee failed to disclose the intended use of the appraisal and failed to describe the scope of the appraisal process. Licensee failed to include the required state certification statement in the body of the appraisal report. Licensee's appraised value was \$169,000 more than the sales price of the

property 13 months prior to the appraisal. Licensee had the sales data in the work file and failed to comment in his analysis on the increase in value. In the Sales Comparison Approach, Licensee used sales outside the subject neighborhood that exhibited significant dissimilarities to the subject with respect to Location, Quality of Construction, GLA, and Original Sales Price. These sales were used to the exclusion of 15 in the subject neighborhood within a few blocks of the subject that were more comparable in terms of Location, Quality of Construction, GLA and Original Sales Price. The following USPAP, (2001 Ed.) standards were violated: 1-1(b), 1-4(a), 2-1(a), 2-2(b)(ii), 2-2(b)(vii) and 2-2(b)(ix). Also violated was § 34-27A-3(b)(2) Code of Alabama, 1975.

AB-01-91: On January 31, 2003, a Trainee Real Property Appraiser, signed a Consent Settlement Order in connection with the appraisal of a single-family residential property. Terms of the settlement include a private reprimand, payment of a \$400 administrative fine, and proof of completion of a Board approved 15-hour USPAP and a 15-hour Sales Comparison course. The discrepancies identified in the report are detailed as follows: Licensee failed to disclose the intended use of the appraisal and failed to describe the scope of the appraisal process. Licensee failed to include the required state certification statement in the body of the appraisal report. Licensee's appraised value was \$169,000 more than the sales price of the property 13 months prior to the appraisal. Licensee had the sales data in the work file and failed to comment in his analysis on the increase in value. In the Sales Comparison Approach, Licensee used sales outside the subject neighborhood that exhibited significant dissimilarities to the subject with respect to Location, Quality of Construction, GLA, and Original Sales Price. These sales were used to the exclusion of 15 in the subject neighborhood within a few blocks of the subject that were more comparable in terms of Location, Quality of Construction, GLA and Original Sales Price. The following USPAP, (2001 Ed.) standards were violated: 1-1(b), 1-4(a), 2-1(a), 2-2(b)(ii), 2-2(b)(vii) and 2-2(b)(ix). Also violated was § 34-27A-3(b)(2) Code of Alabama, 1975.

AB-02-10: On January 31, 2003, **Ray Rossell, G00392**, a Certified General Real Property Appraiser, signed a Consent Settlement Order in connection with the appraisal of a single-family residential property. Terms of the settlement included a public reprimand, payment of a \$1000 administrative fine and proof of completion of a Board approved 20-hour Sales Comparison Approach Development and Analysis course and completion of a 15-hour USPAP course. The discrepancies identified in the report are detailed as follows: The property location is suburban in Autauga County approximately 15 miles north of Prattville. Comparable sales are selected from upper bracket suburban neighborhoods in Montgomery. The Montgomery neighborhoods do not compete with the subject neighborhood. The owner described the subject property under oath as "Jim Walter type construction." Respondent made inconsistent adjustments between comparables for Site and Location or omitted adjustments for Site and Location and did not make adjustments for the difference in design and appeal, quality of construction and construction materials, location, and functional utility in the Sales Comparison Approach with no explanation. In the Cost Approach, Licensee failed to address the subject's superadequacy resulting from the subject GLA greater than 6000 square feet when the average GLA for the subject's immediate neighborhood is

approximately 2000 sf. The following USPAP, (1999 Ed.) standards were violated: Competency Rule. Also violated was §34-27A-20(a)(7), §34-27A-23, Code of Alabama, 1975.

AB-02-57: On January 31, 2003, **Ira Betts, G00087**, a Certified General Real Property Appraiser, signed a Consent Settlement Order in connection with the appraisal of single-family residential property. Terms of the settlement included a public reprimand, payment of a \$1000 administrative fine and proof of completion of a Board approved USPAP course. The discrepancies identified in the report are detailed as follows: In the Cost Approach, Licensee failed to address the subject's superadequacy resulting from the Subject GLA greater than 6000 square feet when the average GLA for the subject's immediate neighborhood is approximately 2000 sf. Licensee used excellent quality custom built residences as comparable sales to the subject which the owner described under oath as "Jim Walter type construction" and did not make adjustments for the differences in design and appeal, quality of construction and construction materials, location, and functional utility. Licensee reported that subject residence had central heat and air conditioner when he had knowledge that the system was not installed and at that time, window air conditioner units and wall space heaters were installed in the house. According to Licensee the husband of one of the owners of the subject property assured him the equipment was to be installed so he made the appraisal "as is" instead of subject to installation of central heat and air conditioning systems. The following USPAP, (1999 Ed.) standard were violated: Competency Rule. Also violated was §34-27A-20(7) and §34-27A-23, Code of Alabama, 1975.

AB-02-105, AB-02-106 and AB-02-107: On February 12, 2003, a Letter of Warning was issued to a Certified Residential Real Property Appraiser in connection with the appraisal of a single-family residence in which he signed as the primary appraiser. The Letter of Warning is an informal disciplinary action and will be a permanent document maintained in the investigative file. This disciplinary action will be considered in any future discipline proceedings. The UPAP violations identified in the appraisal report are detailed as follows: Licensee failed to include a scope statement in all three of the subject appraisal reports. Several adjustments in the Sales Comparison Approach of all three appraisals were inconsistent or not explained or supported in the subject appraisal work file. Licensee failed to disclose the hypothetical condition that the subject property included only 5 acres when it was actually 10 acres, undivided. Licensee failed to estimate accrued depreciation by an appropriate method or technique in all three of the subject appraisal reports- the accrued depreciation was over estimated by at least 50%, affecting the credibility of the Cost Approach value. Licensee failed to disclose and analyze the pending sales contract of the subject property or attach a copy to the subject appraisal report in all three of the subject appraisal reports. The following USPAP Standards (2001 Ed.) were violated: 1-1(a), 1-1(b), 1-1(c), 1-2(h), 1-4(b)(ii), 1-4(b)(iii), 1-5(a), 2-1(a), 2-1(c), 2-2(b)(vii), 2-2(b)(viii), 2-2(b)(ix).

Mr. Holland discussed with the Board the investigative status charts and noted we were still under a 100 complaints on hand.

6.2.1 On motion by Mr. Tillman and second by Mr. Farmer the Board voted by Point of Order to dispense with the reading of Probable Cause Reports AB-01-56 and AB-01-57 (Companion Cases) that were mailed in advance to the Board members for their review. All in favor, motion carried. On motion by Mr. Cheney and second by Mr. Tillman the Board voted that probable cause did exist and to follow investigators recommendation to proceed with formal investigation. All in favor, motion carried.

On motion by Mr. Tillman and second by Mr. Farmer the Board voted by Point of Order to dispense with the reading of Probable Cause Report AB-02-65 that was mailed in advance to the Board members for their review. All in favor, motion carried. On motion by Mr. Farmer and second by Mr. Tillman the Board voted that probable cause did exist and to follow investigators recommendation to proceed with formal investigation. All in favor, motion carried.

On motion by Mr. Farmer and second by Mr. Tillman the Board voted by Point of Order to dispense with the reading of Probable Cause Reports AB-02-66 and AB-02-67 (Companion Cases) that were mailed in advance to the Board members for their review. On motion by Mr. Farmer and second by Mr. Tillman the Board voted that probable cause did exist and to follow investigators recommendation to proceed with formal investigation. All in favor, motion carried.

On motion by Mr. Farmer and second by Mr. Tillman the Board voted by Point of Order to dispense with the reading of Probable Cause Report and Recommended Disposition of AB-02-120 that was mailed in advance to the Board members for their review. All in favor, motion carried. On motion by Mr. Farmer and second by Mr. Tillman the Board voted that probable cause did exist and to follow the investigators recommendations to proceed with formal investigation. All in favor, motion carried.

On motion by Mr. Tillman and second by Mr. Farmer the Board voted by Point of Order to dispense with the reading of Probable Cause Report and Recommended Disposition of AB-03-11 that was mailed in advance to the Board members for their review. All in favor, motion carried. On motion by Mr. Farmer and second by Mr. Tillman the Board voted that Probable Cause did exist. All in favor, motion carried. On motion by Mr. Farmer and second by Mr. Tillman the Board voted to follow investigators recommendation and issue a Letter of Warning. All in favor, motion carried.

On motion by Mr. Tillman and second by Mr. Farmer the Board voted by Point of Order to dispense with the reading of Probable Cause Report AB-03-19 that was mailed in advance to the Board members for their review. All in favor, motion carried. On motion by Mr. Farmer and second by Mr. Tillman the Board voted that probable cause did exist and to follow investigators recommendation and proceed with formal investigation. All in favor, motion carried.

6.2.2 The Board reviewed Anonymous Complaint 1 AB-02-100 and AB-03-17. On motion by Mr. Parker and second by Mr. Farmer the Board voted to initiate formal investigation. All in favor, motion carried.

The Board reviewed Anonymous Complaint 2. On motion by Mr. Tillman and second by Mr. Stewart the Board voted to initiate formal investigation. All in favor, motion carried.

The Board reviewed Anonymous Complaint 3. On motion by Mr. Cheney and second by Mr. Farmer the Board voted to defer action until next month. All in favor, motion carried.

The Board reviewed Anonymous Complaint 4. On motion by Mr. Tillman and second by Mr. Cheney the Board voted to initiate formal investigation. All in favor, motion carried.

6.2.3 The Board reviewed Consent Settlement Orders AB-02-48, AB-00-11, AB-00-71, AB-00-75, AB-00-86, AB-00-89, AB-01-44, AB-02-118, AB-01-30, AB-02-14, AB-02-35, AB-02-36, AB-02-37, AB-02-85, AB-02-86, AB-02-103 and AB-03-18. On motion by Mr. Cheney and second by Mr. Stewart the Board voted to approve the settlement orders. All in favor, motion carried.

6.3 No reciprocal agreements to report since last meeting.

6.4 The following reciprocal license was issued since last Board meeting: Stephen Huber (G)(GA).

7.0 The temporary permit report was provided to the Board for their information.

8.0 Mr. Holland informed the Board that as of February 20, 2003 94% of the appraisers have renewed their licenses.

Mr. Holland informed the Board that Miss Angie Roe who is the investigative support assistant would be leaving to take a job closer to her parents. Mr. Holland informed the Board that Miss Jennifer Henderson who is an ASA I would be taking over Angie's position and he would be combining Miss Henderson's and Mrs. Miriam Young's positions. Mrs. Young who is the Education Coordinator would be taking over the combination of those two positions.

Mr. Holland included in the Board books a copy of the memorandum from The Appraisal Foundation regarding the State Regulator Advisory Group for their information.

Mr. Holland discussed with the Board the AARO Conference on April 12-15, 2003 in New Orleans, LA. The Board members who are interested in going are Mr. Farmer, Mr. Tillman, Mrs. Mardis and Mr. Mallory.

The Board meeting for April will be changed to April 25, 2003.

9.0 Meeting adjourned at 4:00 p.m.

Sincerely,

Lisa Brooks
Executive Secretary

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APPROVED: _____
Ronald Parker, Chairman